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UNCLAS DUBLIN 000210

SIPDIS

SENSITIVE

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SUBJECT: POLICE ARREST SINN FEIN MEMBERS IN MONEY
LAUNDERING SWOOP

1. (SBU) Summary. Sinn Fein is facing its biggest political crisis since the beginning of the peace process after two party activists, including a former elected representative, were arrested in a swoop by Irish police on suspects in an apparent money laundering scheme. Seven people were arrested and over 2.3m pounds sterling and euro 94,000 was seized in Cork and Dublin. Police are pursuing the possibility of a link to the December Belfast bank robbery that netted 26.5 million pounds sterling. Up to 100 officers from the Criminal Assets Bureau, Garda Bureau of Fraud Investigation, Special Detective Unit and Crime and Security Section were involved in the arrests. End Summary.

2. (U) The first of the arrests were made shortly after 4.30pm on February 16. Three men - two from Derry and one from Cork - were detained at Heuston railway station in Dublin after police discovered that the Cork man was carrying euro 94,000 in cash. The two men from Derry are believed to have strong republican links. On the evening of February 16, two more men were arrested in Cork. George Hegarty, who reportedly has links with Sinn Fein, was arrested at his home at Douglas (near the city of Cork) where 60,000 pounds sterling in Northern Bank notes was discovered. The second man, arrested in Passage West (also on the outskirts of Cork), is Tom Hanlon, a former Sinn Fein councillor who was a Parliamentary candidate in the 2002 General Election and an election agent for the party during the 2004 European Parliament elections.

3. (U) On February 17, a registered money lender, Ted Cunningham, 57, from Farran, Cork, and his partner, Cathy Armstrong, were also arrested and detained after 2.3 million pounds sterling were recovered from a bin at the rear of their house. The arrests took place following a raid on Mr. Cunningham's business premises in Ballincollig.

4. (U) The seven arrested are being held under Section 30 of the Offences Against the State Act, and can be detained for up to 72 hours without charge. Further searches were carried out on business premises and houses in Dublin and Cork, and also in Dundalk, Co. Louth; Killucan, Co. Westmeath; and Swords, Co. Dublin.

5. (U) No substantive link has yet been established between the confiscated money and last December's Belfast robbery, although Irish Police sources suspect that some or all of the cash seized was part of the haul from the Northern Bank raid. Irish Police confirmed that they had been in constant contact with the Police Service of Northern Ireland (PSNI) in the lead up to the raids and arrests.

6. (U) The Government of Ireland has declined to make any public comment in advance of possible criminal charges that are likely to be brought against some or all of those detained. Willie O'Dea, Minister for Defense, said the scale of the operation had been "quite staggering" but did not comment on the political implications. Opposition parties demanded an explanation from Sinn Fein. Enda Kenny, leader of Fine Gael, said "Sinn Fein must make an immediate statement on this development and on its relationship with those involved." Pat Rabbitte, Labour Party leader, said the seizures and arrests were "an astonishing development" while Trevor Sargent, leader of the Green Party, said Sinn Fein should "come clean on their involvement with criminal activity."

7. (U) Sinn Fein issued a brief statement in which they said they were aware of the speculation linking the arrests and the Northern Bank raid. The statement noted: "Sinn Fein's position on this robbery is clear. Over the past four weeks we have seen people rush to judgment time and time again. We would urge people to exercise caution on this occasion and allow the truth to come out."

8. (SBU) Comment: While there is not yet a substantiated link between the money seized in this police operation and the Belfast bank robbery, the political implications for Sinn Fein are serious. Recent weeks have seen unprecedented public attention to IRA involvement in criminality, and yesterday's arrests will

only reinforce in the public mind that Sinn Fein is fronting for a criminal outfit. The arrests can only further damage Sinn Fein's image in Irish domestic politics as well as its ability to pursue peace in the north.

BENTON